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19 July 1963

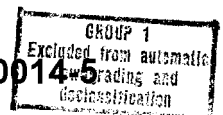
COMMENTS ON ONE STATEMENT IN THE RECENT CPSU CENTRAL COMMITTEE OPEN LETTER

The open letter (published in Pravda and broadcast by TASS in English to Europe on 13 July) from the Central Committee of the Communist Party of the Soviet Union to all party organizations and all communists of the Soviet Union, a propaganda piece that obviously attempts to cast the USSR in the best possible light, contains the following statement on Soviet support to Communist China's industrialization: CPYRGHT

"...Our country has rendered and is rendering substantial aid to the development of the economy of People's China. With the assistance of the Soviet Union, People's China built 198 industrial enterprises, shops and other projects equipped with up-to-date machinery...Now the Soviet Union continues rendering technical assistance to the CPR in the construction of 88 industrial enterprises and projects..."

ORR has in the past stated that, at the time of the withdrawal of the Soviet technicians in the summer of 1960, roughly one-half of the 291 Soviet-aid projects scheduled to be built during the period 1950-67 had been completed and that the withdrawal of the Soviet technicians was in effect a cancellation of most Soviet support to the remaining projects. Shipments of equipment for complete plants without the technicians to install the equipment would in most cases be of little use to the Chinese.\* ORR has also stated that the remaining Soviet technical assistance to China is limited to the supply of technical information, small amounts of equipment, and the training in the USSR of Chinese students.

\* In 1961, however, China continued to import equipment for complete plants amounting to about \$80 million. The Soviet open letter speaks of a reduction of "40 times" in the past three years in the rate of deliveries of complete plants, a figure that suggests that deliveries of complete plants in 1962 were about \$10 million, compared to a peak of \$400 million in 1959.



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The Soviet statement quoted above does not alter this assessment. The figures 198 and 88 for industrial projects misrepresent the past and current Soviet support to China's industrial development. In 1960, the USSR and Communist China stated that 130 projects had been fully or partially completed by the end of 1959. A Soviet statement on 14 February 1962 claimed that "...about

170 industrial enterprises and other units were built and put into operation in the CPR with help from our motherland...With assistance from the Soviet Union, large shops and aggregates, turning out finished items, have been put into operation

at 33 Chinese enterprises..." It is probable that the 198 figure claimed by the USSR, which refers to "industrial enterprises, shops, and other projects," represents a gross count similar to the 203 (170 plus 33) in the 14 February 1962 statement. An extremely rough calculation based on Soviet data on deliveries of equipment for complete plants in 1960-61 suggests that an additional 30 to 40 enterprises may have been at least partially completed during 1960-61, making the figure of 170 enterprises plausible.

Because of the withdrawal of Soviet technicians and of the extremely small amount of Soviet equipment for complete plants currently being purchased by Communist China, the technical assistance that the USSR claims to be furnishing China in the construction of 88 industrial projects must be very limited. At the maximum, this technical assistance must be of the blue print-technical data type being furnished for a steel plant at Pao-t'ou and that embodied in the

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Soviet equipment currently received. And, at the minimum, the reference is probably to no more than the mere fact that the USSR has not formally canceled the agreements signed in the period 1950-59.

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